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Conference Call to Discuss WTO Talks in Geneva
Deputy USTR Peter Allgeier

Allgeier: Thank you everybody for joining this call. Substantively speaking, we are at the end of the Geneva preparatory process for the Ministerial. There are still speeches going on here and discussions, but for all practical purposes we are at the end of this process. And so now the focus is switching to our collective responsibility at Cancun itself. And as we have said, the stakes here are high, they're high for the WTO as an organization, for the global economy and for individual economies. So our message, the U.S. message, to our trading partners is, because the stakes are high, we need to aim high in our aspirations, our ambitions. The United States will work with other countries to achieve these ambitions.

So that's kind of the state of the affairs here. As we approach Cancun, our aims, the U.S. aims, remain the same, which is to seek a high level of ambition in opening markets and expanding trade for all countries. The reason for this is because we believe this is the best way to promote growth and development and to help alleviate poverty. And frankly as you survey the various countries, the U.S. is practically alone in being an advocate of high ambition across all aspects of trade. So for example, if you look at agriculture, and our proposal is a very ambitious one. But the EU, obviously, did not have a high level of ambition in agriculture. The EU has a high level of ambition in non-agricultural market access, and in services. But so do we, we have our proposal on non-agricultural market access, which is very ambitious. And we have made offers and sought concessions from all countries in services.

Brazil is an advocate for ambition in agriculture, but is not an advocate in market access or in services. India, has certain services ambitions, but does not have ambitions in agriculture or non-agricultural market access. So I think actually the U.S. is practically alone in being a strong advocate across all these dimensions of trade.

Now, the other part of our approach, is that within this context of high ambition, we are looking to find concrete solutions to specific sensitivities and adjustment problems facing developing countries. So our philosophy is one of seeking high ambition, and then making flexibility available where it is needed to accommodate the adjustment needs of development, as opposed to taking the least common denominator, which accommodates the most severe adjustment problems or sensitivities and then applies that across the whole spectrum of countries and products. So this is our overall philosophy here.

Just a few things on developing countries, since they dominate in terms of numbers here in the WTO. We're seeking to accommodate their needs within the single trading system. We do not want to be setting up a bifurcated or two tier system. So what this means, is for something like tariff elimination, we should use a single methodology, or formula, for all countries but have some flexibility to it to accommodate sensitivities and adjustment problems in developing countries, as opposed to having two distinct formulas or approaches. That's just one example of what we're doing to reinforce the single trading system.

The other thing is that although there is a discussion between the difference between the North and the South, it's much more complicated than the traditional way of looking at the North-South divide. Increasingly, if you look at the coalitions, you will see that they are mixed, developed and developing country interests, whether that is in agriculture or in the Singapore issues, tariff negotiations or trade facilitation. It's not a clean, North-South split. You've got some developing countries that have ambition in one or more of these, and you have developed countries and you have both kinds of countries on the other side as well.

The other thing, perhaps more importantly, is that because this is not such a simple model as developed versus developing, among developing countries there are very different needs for flexibility. If you talked to the different delegations among the developing countries, on something like tariff elimination, tariff negotiations, some will be seeking one kind of flexibility while some would be seeking another.

The last point, I'm going to anticipate a question that one of you will probably ask, and that has to do with the Chair's statement, the Chairman of the General Council, and our reaction is to that. And our reaction is that that statement falls short of the level of ambition we think was expected from Doha and that we think is necessary to stimulate economic growth and development and the alleviation of poverty. And this is particularly with respect to the agriculture and non-agricultural market access parts of the statement.

That said, the statement does serve as a vehicle to convey to Ministers what is the state of the development of these different issues of negotiations, and we trust that the Chairman, when he submits this paper to the Ministers, will identify the key decisions that need to be made by the Ministers. In that regard, I would very much like to commend, Carlos Perez de Castillo, the Chairman of the Council, the Ambassador from Uruguay, for the product of the paper that he produced. It is clearly the focus of attention here, in organizing our work for the Ministerial, and I think will be the organizing paper for Cancun as well.

So, those are my opening statements, and I'd be happy to answer any questions that you may have.

Question: Steve Gray from the Washington Post, sir. What are your thoughts on proposals, a proposal rather, that has been presented by some of the least-developed countries like India, Brazil, and China?

Allgeier: Now first, the proposal that you're talking about, has to do with agriculture....

Question: Agriculture, right, exactly.

Allgeir: O.K., yes, there is a group of countries, and among them are the three that you mentioned, that have put forward an alternative paper to the paper that was presented by the European Union and the United States.

Now, that paper by the US and EU was sought by the other members. They wanted us to work

together on something, and we have produced that. And frankly, it has been a very useful catalyst for the work that's going on here in agriculture.

Now, as to the alternative paper that these developing countries have put forward, that paper has also been considered by the Chairman, and certain elements of that paper have been incorporated into his statements. I won't give a complete breakdown or analysis of that paper, but one of the things that bothers us most about it is the point I made earlier, that we want to have a single system for developed and developing countries. And so for example, in the market access aspect of their paper, they would use a very different formula for the tariff reduction for developing countries than the formula for developed countries. And we think that is not the way to handle that particular issue.

Question: Rob Lever at AFP. Just based on what you just said, it sounds like you're not making a whole lot of progress overall, in that you have no clean north/south split, you have a lot of differences between the US and EU. It doesn't sound very positive based on what you are saying.

Allgeier: Well, I don't think you should draw that conclusion. I don't know what, I can't quite relate the point about north/south with how much progress we're making.

These are very difficult issues but I think that there's, we will have in these areas a framework for us to proceed with the negotiations in these areas. And so in that sense, I think there's been very good work done here, especially in the last several weeks in Geneva.

Question: Corey Henry of Inside U.S. Trade, Ambassador you mentioned in your opening remarks that for all practical purposes, the Geneva process was at an end. Can you give more specifics on how exactly work on the declaration will be handled from here until Cancun.

Allgeier: Yes, what our understanding is - and I, this is a little bit speculative because the discussions are still going on in the room next door, but this is what seems to be the conventional wisdom - that the statement that is out now that we're looking at, that that will be conveyed to the Ministers as it is, won't be changed. Or if it is changed, it will be only very marginally. But on top of that letter, there would be a cover letter - on top of that draft proclamation, there would be a cover letter from the Chairman of the General Counsel, Carlos Perez del Castillo, outlining for the Ministers what are the key differences and what are the issues that they need to decide.

So, these last several days of discussion of this paper are giving the Chairman the basis on which to direct the attention of the Ministers, so that they can make decisions and give us direction that will enable us to move forward with the negotiations after Cancun.

Question: [crosstalk] will he hold some further consultations on the cover letter?

Allgeier: I'm sorry, I didn't hear the first part of that question.

Question: The cover letter - do you know whether or not the Castillo would draft a cover letter of his own accord, on his own responsibility, or will he hold further consultations on the cover

letter?

Allgeier: I don't know for sure. I think that probably, he will feel that after these three days of lengthy and intensive discussions, that he will have a good enough feel for where different groups of countries are on the various issues. And so I would think that any consultations would be rather limited.

Question: Ambassador this is Elizabeth Becker from the New York Times. I wondered if you could tell us what kind of compromise you see in the health/medicine/TRIPS issue.

Allgeier: Well on that one we are still working very intensively on that even right now. Because that is so sensitive, I don't want to start speculating on what sort of a solution might emerge. But let me say that a number of countries and ambassadors and delegations here are working very hard on that. And we will continue to do so until we have a solution.

Question: [Becker] Do you think you will have a solution at Cancun?

Allgeier: Yes.

Question: [Drajem] You think you will have one before Cancun?

Allgeier: I think that's possible.

Question: This is Sam Gilston from Washington Tariff and Trade letter. It's interesting that you don't want to [unintelligible] that you want a single system coming out of the Doha Round. But the developing countries like Brazil and India and China are claiming that the US and European paper on agriculture is going to create such a system by allowing US and Europe to continue to have high subsidies [unintelligible] and that their approach is just sort of their way of protecting their interests in the talks. Why is it your paper, the US/EU paper really setting up a dual system?

Allgeier: We don't think it is. We think, frankly, that there would be very, very substantial reform of domestic support if one carries out the US/EU paper. And particularly keep in mind that there are not numbers attached to various parts of that proposal. And so depending on what those numbers are, the reform could be either very dramatic or much more moderate. So a lot depends on the numbers, but a basic idea within that proposal, within that paper, is to move the kinds of support there are, from the most trade distorting kind of support to the least trade distorting kind of supports, as well as to reduce the level of support.

So for those two reasons, it's not accurate to portray this as fomenting or continuing a two-tier approach, two tier system.

Question: Ambassador, this is Neil King with the Wall Street Journal. I wonder if you could elaborate a little on this least common denominator approach that your were talking about before as opposed to the U.S.'s supposed high ambition.

Allgeier: Right, OK, well a perfect example is in the tariff area, for non-agricultural market access. One approach would be to take the kind of formula that we advocate, the so-called Swiss formula, and say “that will be everybody’s formula.” The thing about a Swiss formula, it compresses the differences in tariffs and it really requires the high-end tariffs to be reduced most sharply. Now that is going to be difficult for a number of developing countries.

But an alternative, would be the Uruguay round formula where you just have an average cut of tariffs. Rather than go to that lower standard, we’d keep the higher standard of the tougher formula, but then for developing countries, give them a certain leeway so that some percentage of their trade could be subject to something that is more relaxed than the formula. And so that allows us to keep the high ambition for as many countries as possible but then to make, kind of customized or tailored flexibility for those countries that need it. And clearly, we wouldn’t expect the poorest countries, the least developed in Africa, to be making the same kinds of changes as we would the European Union.

Question: Ambassador, this is Peter Shin with the National Association of broadcasters. It’s been said that agriculture remains key to success in the Doha Round as a whole. Do you still believe that’s true, and what’s your bottom-line assessment of what’s going to happen at Cancun in terms of relative success and how do you define that?

Allgeier: Well, yes, agriculture does remain key for the negotiations. Certainly it is key for the United States, but it is also key for many, many other countries, including most of the developing countries. In terms of what to expect at Cancun, or what the bottom line is, I think for us, the bottom line is that we have the kinds of frameworks in the various negotiations areas that will give us the opportunity to give us strong negotiations in those areas. We don’t expect for people to agree on what we want the agreement to look like at the end. It’s very important to realize that this is the midpoint, and so the idea is to ensure that you’ve got the opportunity to negotiate high-ambition results.

Question: Ambassador, Mark Drajem here from Bloomberg news. Some

[crosstalk]

Question: Inside U.S. Trade, I know you said

[crosstalk]

Allgeier: Wait, wait, if the guy from Bloomberg can speak, I can hear him, and then someone was speaking on top of him, let’s do that second please.

Question: Thank you. Mark Drajem here from Bloomberg. Some business groups are saying you should focus entirely on agriculture and the TRIPS drug issue first before moving on to services, industrial tariffs and stuff like that. You think that makes sense given the difficulties in those two areas?

Allgeier: No. I think that we need to, and we are working on all four of those areas that you mentioned. They need to come together, and so it may be that certain countries are only willing to go so far on non-agriculture market access until they see the results in agriculture. So I think we need to be pushing forward as much as possible on all those areas, so that if there is a break in a key one, that the others can fall into place quickly.

Question: Ambassador Allgeier, it's Corbett Daily from CBS Market Watch if I could just get you to elaborate. I know you don't want to talk about the TRIPs negotiations but if you could just give us just some idea of the most difficult, sticking point. There's a lot of talk, very optimistic that you're going to get a deal very soon. If you could just sort of...

Allgeier: Basically what we are trying to do here, is we are trying to find that proper balance between the concerns of many developing countries, that they have the flexibility, under circumstances of a public health crisis, and if they don't have the capacity to produce the drugs, that they have the ability, quickly and predictably, to get those drugs. Even if that involves getting it from a country outside it's own country and through a compulsory licensing process. So balancing that concern, which is legitimate, with the equally legitimate concern by drug companies that this provision not undermine the basic intellectual property protection, and that there be in place practices so that, when they provide those drugs, that the drugs are not diverted into the commercial market for someone's private gain at the expense of the poor people who are supposed to be beneficiaries of this.

And so finding the right way to express that balance, in terms of the WTO and the work that's already been done in the form of a pending decision that was prepared last December, that's what these negotiations are about and that's what we're trying to do.

So it's very hard to, say, take one particular issue because something might be sensitive to one country, and it's not so sensitive to another. And some other part of it is sensitive to the other country. So we've got to find the right balance, and that's what people are working very hard on.

Question: Ambassador this is [crosstalk] with Market News international. Can you give us, sort of, a preview of what you think should be contained in Carlos Perez del Castillo's letter, in his cover letter. What are the points that he needs to outline and highlight to the Ministers?

Allgeier: Well, I think that is rather clear from the discussion that we've had here in Geneva that there are important differences in agriculture and the treatment of domestic subsidies. [unintelligible] How far to go or, or how explicit to be about the phasing out of export subsidies, and also the level of ambition in market access.

In non-agricultural market access, it's also a question of ambition. A lot of countries are nervous about mandatory sectoral agreement. And then on the Singapore issues, it's quite clear from the paper done by Ambassador Perez del Castillo that there's very sharp differences among the countries as to whether we are ready to go into negotiations on each of those four subjects.

Reyes: One last question.

Question: Chris Rugaber from BNA publications. Could you give us a sense of where you think the countries are, going into Cancun, compared to previous Ministerial. Do you think that you are closer to a declaration than you were, say, in Seattle.

Allgeier: Well I hope we're a lot closer than we were in Seattle! Don't you think?

Well first of all, keep in mind that both Seattle and Doha were Ministerials to launch negotiations, so that's a different kind of declaration than the one we're dealing, which is a declaration at the midpoint of negotiations, which is meant to give direction to the negotiators, to enable us to continue and then to complete the negotiations on time.

So in that sense, it is hard to compare exactly. I would say that we are somewhere between Seattle and Doha in terms of our standing as we go into the last week before the Ministerial.

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